STRATEGY AND OBJECTIVES

OF THE SECOND FIVE YEAR DEVELOPMENT PLAN
(1968-1972)

REPUBLIC OF TURKEY
PRIME MINISTRY
~~STATE~~ PLANNING ORGANIZATION

Turkey

July, 1967

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The Council of Ministers has approved, on January 17, 1967, in compliance with Article 12, Clause "b" of Law No: 91 dated September 30 1960, the "Objectives and Strategy of the Second Five Year Plan" reviewed and submitted herewith to the Council of Ministers by the High Planning Council in Report No. 24, dated September 26, 1966.

The President
C. SUNAY

THE REPORT OF THE HIGH PLANNING COUNCIL

Date :September 26, 1966
No :24

Subject: Objectives and Strategy of the Second Five Year Plan

The High Planning Council convened on June 29 - 30, 1966 August 4, 1966, under the chairmanship of Prime Minister Süleyman Demirel, reviewed the draft on the "Objectives and Strategy of the Second Five Year Plan" submitted by the Central Planning Organization, and decided on the "basic principles of the economic and social objectives and the policies to be adopted" in accordance with Article 12, Clause (a) of Law No. 91, dated September 30, 1960. The Council decided to submit this document to the Council of Ministers to be discussed and decided upon in accordance with Article 12, Clause (b) of the aforementioned Law and to commit it thereafter to the State Planning Organization as a directive, on which the Second Five Year Development Plan will be prepared in compliance with Article 13 of Law No. 91.

Objective and Strategy of the Second Five Year Development Plan

General Objectives of Development Planning:

1. The Turkish Nation, endeavouring to attain security, social welfare and prosperity in a free and higly civilized environment, has chosen to live in a democratic system; to realize economic and social development through democratic ways within a mixed economy system; to secure a standard of living based on the principles of justice and full employment compatible with human dignity.

2. Development Planning is the most effective tool to achieve these objectives. The Development Plan will be prepared according to the choices and aspirations of the nation which constitute the essence of democratic planning.

3. In the Turkish economy, public and private enterprises function side by side. Therefore, the principles of a mixed economy will be taken into consideration in the preparation of the Second Five Year Plan. This plan will be imperative for the public sector, but only indicative for the private sector, where it will support and develop individual initiative.

In the mixed economy system, the State activities and public sector will give assistance and support to the people in their efforts to attain prosperity and welfare

through their own initiative. With this concept, public and private enterprise will not be rivals to hamper each other, but will be complementary forces. In the Second Five Year Plan the rules of a mixed economy will be set out so as to provide decisive guidance to these two sectors.

4. The objectives of the Second Five Year Plan will be, on the one hand, to adhieve a rapid and sustained increase in per capita income, while on the other, to achieve a balanced development between various regions and income brackets, to secure possibilities of employment for a greater number of people, to share the benefits and burdens of the development with equity and within the principles of social justice and to attain an efficient and stable improvement in the social and economic structure.

5. The basic principle is to realize development without impairing the rights and freedoms provided by the Constitution of Turkey and without lowering the standard of living below the level already attained. Within this concept the principle of social justice is not to reach an equity in proverty, but rather to raise the standard of living by providing a just share for all from the rising income and increasing welfare, avoiding imbalances, and by obtaining the voluntary contribution of people to the development by encouraging them to undertake the necessary sacrifices to the best of their abilities. The principal tools to be used in the realization of social justice will be policies oriented to increasing employment possibilities and directed toward full employment, progressive taxes, extension and balanced distribution of public services for the benefit of the people, equality in education and training opportunities for individuals, and other policies to reduce income disparities. The social justice to be achieved through these means will be deemed fully realized when the lowest standard of living of the community is raised to a "minimum subsistence level" compatible with human dignity.

6. In order to realize a higher level of welfare for the community, a larger increment of future national income will be allocated to investments through increased national savings.

Objectives of the Second Five Year Development Plan :

7. The main objective of the Second Five Year Plan is to secure and maintain a high rate of growth of the Turkish economy. A 40 per cent increase in national income by the end of the implementation period (1968 - 1972) of the Second Five Year Plan is taken as a target. This increase averages out at a rate of 7 per cent per annum However, in view of the rapid increase in population in Turkey, a 7 per cent growth rate corresponds to an increase of per capita income of slightly over 4 per cent.

An average rate of growth of 7 per cent per annum seems, from the point of view of the Turkish economy a necessary and attainable objective. Such a rate constitutes a minimum level if the Turkish nation is, albeit in the long-run, to bridge the gap in material welfare separating it from the Western Community of which it is a member. Moreover, the evolution of the Turkish economy during the planned period in particular, confirms that an average rate of growth of 7 per cent is an attainable level.

The efforts necessary to achieve and sustain an average of 7 per cent rate of growth in the Turkish economy should be more intensive during the Second Plan period in comparison to the First Five Year period. To attain the rate of growth

foreseen in this plan period, an average of approximately 22.5 per cent of G. N. P should be allocated to investments. This requires an average annual increase in investments of 14 per cent.

8. The second target of the Second Five Year Plan is to reduce gradually the dependency of the Turkish economy on foreign resouces. It is always possible to attain a balance in external payments if a lower rate of growth is deemed acceptable. However, the important point is to achieve a balance in external payments while also achieving and maintaining a higher rate of growth.

During the Second Five Year Plan period while the rising level of investments and economic activities will increase imports, the repayment of the external debts incurred during previous years will constitute an additional burden on the balance of external payments. For this reason, the foreign exchange deficit to appear during the Second Five Year Plan period will entail the continued incurring of new external debts

Another aspect of the balance of payments deficit is its being a source of savings to meet the investment requirements of the Development Plan. In view of Turkey's low per capita income an attempt to secure the total savings required for a high rate of growth from domestic resources alone would put excessive pressure on these resources. For this reason, in the Second Five Year Plan period resources will have to be transferred from foreign countries to Turkey, as was the case during the First Five Year Plan period.

In the Second Five Year Plan period the total absolute value of the current account deficit will not change much in comparison with the First Five Year Plan, but, the ratio of the deficit to GNP will decline. Therefore, the transfer of resources from foreign countries will be relatively reduced compared to the First Five Year Plan and will be maintained around 2 per cent of GNP in the Second Five Year Plan period. To attain the target rate of growth of the Second Five Year Plan, 22.5 per cent of GNP should be allocated to investments of which 20.5 per cent will be obtained from internal savings and 2 per cent from external savings. Therefore, 91 per cent of the necessary total savings will be met through internal and 9 per cent from external resources. The required external savings must be secured through foreign loans. In order to avoid difficulties that may be encountered in the future by the Turkish economy and the development efforts, these credits should be development credits with long maturities, low interest rates and with grace periods.

The Turkish economy is expected to achieve a normal balance in its external payments during the Third Five Year Plan period, and only after this period will it be possible to continue the efforts of development with recourse to credits on non-developmental terms.

Basic Principles to be Observed in Development Planning :

9. The magnitudes taken as tagets for the Second Five Year Plan and the preferences exercised by the Turkish Community in the course of development necessitate the orientation of all the resources of the country towards rapid development, with the best distribution of the factors of production among various alternatives so as to obtain the most efficient results.

The growth possibilities that will lead and accelerate economic development in Turkey are varied and extensive. Instead of concentrating the resources into certain

specific fields, a balanced distribution among various fields should accelerate development, and the large growth potential of various sectors such as agriculture, mining, industry, tourism and energy should thus be enhanced. For this reason, the major aim for all sectors of the economy in the Second Five Year Plan period will be an accelerated and balanced growth through the utilization of the capacity of the sectors in the best possible way.

10 In the Second Five Year Plan period the implementation of the selected balanced development strategy will accelerate total growth, however, production will not increase at the same rate in all sectors. The objective of leading the Turkish economy towards a stronger structure at the end of the Second Five Year Plan period, the gradual change occuring in the pattern of demand and the difference in the growth capacity of the various sectors will entail radical changes in the composition of the national income in the coming years. Measures will be taken to make industry the leading sector of the economy in the Second Five Year Plan period. Industrialization is imperative to realize and maintain an accelerated growth in this period. The natural resources of Turkey and other factors indicate that accelerated industrialization is possible according to the principle of comparative advantage. The heavy industry units to be established in this period will help on the one hand to modernize the agricultural sector and to transfer resources from agriculture into industry, and on the other, will create conditons conducive to the development of small-scale industry. Accelerated industrial production will be achieved through the creation of new capacities rather than the technologic improvement of existing installations. Therefore, investments will be made at an increasing rate in this sector during the next few years, and modern technologies will be used in such industrial installations to secure a high rate of growth. Stress will be laid on increasing the share of industrial products in exports and to manufacture locally the basic commodities that have import substitution possibilities. In the Second Five Year Development Plan period, as a result of increases in industrial production and population working in industry, a structural change is expected in the whole economy which was originally based on traditional agricultural products. Industrialization of the Turkish economy will be realized in such a way as to increase productivity in agriculture and to secure a greater value for agricultural products. In consequence the structure of the agricultural sector will also be strengthened.

11. The general objectives of development planning require that the creation of employment for the existent and ever growing manpower arising from the rapid increase in population should be evaluated as a consequence of the development and not as a selected target apart from the rapid development of the economy. Therefore, in the Second Five Year Plan employment will not be considered as an independent objective and the employment possibilities will develop together with the growing economy. Employment will be raised to the highest possible level in proportion to the increasing opportunities to be created by the growing volume of economic and social activities dependent on the realization of the selected 7 per cent rate of growth. Expansion of the economy in a direction to create employment will be supported by special measures, the regions where employment problems are substantial will be given particular attention.

12. To ensure an efficient use of qualified manpower which is a scarce resource in a developing economy, a labour policy based on efficiency at all levels will be followed and qualified personnel will be employed in their professional fields. Security

of working conditions and a solid social mobility will be ensured to utilize the manpower in fields where it can be most efficient, and the quality of the personnel and their professional ability will be improved.

The imbalances observed in the breakdown of the present labour-force into various professions will be eliminated in proportion to the quality and quantity of the manpower required for economic growth. A balanced distribution of manpower among industrial sectors and working levels will be secured according to the new employment possibilities.

13. The basic principle of the Second Five Year Plan concerning income distribution is to obtain, in conformity with the principles of justice and equity, the participation of the people in the efforts to achieve development by utilizing all existing means and resources in the most effective manner, and to raise the living standards of the people by enabling them to receive an equitable share compatible with the social justice, from the increased income and welfare to accrue as a result of these efforts.

To secure the desired growth in the economy, a great part of the increase in the national income should be allocated to investments in the coming years. The increases to be obtained in savings will be oriented so as to ameliorate disparities in income distribution.

14. A balanced distribution of investments throughout the country and the elimination of regional disparities is prerequisite of a balanced interregional development within a system of social justice.

For this reason, to secure a balanced distribution of investments throughout the country, economic activities will be oriented toward under-developed regions and more than one location will be taken into consideration during the preparation of the projects. Projects utilizing the natural resources and manpower potentials of these regions will be given priority, and in public services, infrastructure and social investments, these regions and the regions not developed owing to specific factors will also be given priority. Incentive measures will be taken to orient the investments of private enterprise towards these regions. Detailed and comprehensive studies will be conducted to point out the development potential of various regions and to find a solution to the prblems encountered. Productive investments of the public sector will be oriented to these regions whenever this can be achieved without sacrificing the productivity of such investments.

15. In the development efforts, urbanization is a phenomenon occuring as a consequence of economic and social development and of industrialization in particular, and it should be supported. Advantage will be taken of this process as an impetus for the economy, and the resettlement problems will be resolved in such a manner as to realize a balanced urbanization, by taking into account manpower productivity, and the requirements of the social and economic structure. The realization of a balanced urban-rural settlement depends on the positive developments in production in both agriculture and industry. For this reason, due consideration will be given to population movements, to the prevention of disproportionate population groups and to resettlement problems in the course of such developments. The balanced development of big cities and the creation of new ones throughout the country will be encouraged

taking into consideration the economic and social requirements of such urban developments.

To relieve the economic burden of urbanization, to make full use of the resources and to achieve a systematic development, public control will be exercised on the development areas surrounding the cities. Land use, zoning and infrastructure will be improved through realistic and long-term plans.

Plans directing the development of cities will have to be suitable for a rapid implementation and solution of the housing problem, without restraining investments.

To secure the best utilization of services and resources in scattered settlement points, the realization of an adequate settlement pattern as a result of economic and social development will be supported.

The necessary infrastructure will be realized to attain a definite pattern in the cities and to provide development possibilities for the economic and social activities of the region, and public services will be improved with this concept. In this way, those benefiting from the lands whose values have risen, will be made to contribute to the infrastructure expenditures.

16. It cannot be expected that prices should remain on the same level every year in the growing economy of Turkey. However, a continous rise in the level of prices brings forth factors which hamper development and create social conditions hard to bear. On the other hand, immobility or regression of prices also have negative effects on the economy.

Bearing this in mind, price stability - one of the important tools for the protection of an economic and social system - will be maintained. Price movements will be followed closely, and should inflationary or deflationary tendencies appear careful mesaures consistent with modern economic practices will be introduced immediately to avoid price fluctuations which may disturb the balance.

Policies to be followed in the Second Five Year Development Plan Period :

17. The rate of population increase in Turkey renders its economic development efforts more difficult. As long as the increase in population approximates the increase in national income, the expected increase in per capita income -which is the measure of economic development- does not occur, but appears only as a result of the demographic investments. Since the rate of economic growth is one of the major objectives of development, a suitable population policy will be carried out.

To ameliorate the structure of population and to reduce the pressure of the rate of population increase, the scope and knowledge of family planning will be expanded thereby enabling families to plan the number of their children and the convenient time to have them. Food quality will be improved to raise the nutritional standards of the community

18. To secure economic development and attain the desired rate of growth, resources and available means should be used in the most efficient way. The human element is the country's main resource and should be developed and equipped with knowledge and skills through education.

The aim of eduction is to provide a social service to individuals to enable them to discover their environment, to acquire an informed attitude, to adapt themselves to the changes in the community structure, giving them a chance to improve their welfare and happiness. Through education inviduals will be trained in the community and in their field of work to acquire the necessary knowledge, experience and skills. Considering the relation between education and economics, instruction will be harmenized with production and physical labour with intellectual labour, and thus the training of the individual for a constantly changing world will be realized. Various educational possibilities secured by the State for the benefit of the individual will be arranged according to the principles of equality of opportunity. However, selections will be made among the persons to be trained at various educational levels depending on the limitations of resources.

19. Elementary education will be extended to all the population of elemantary school age by the end of the Second Five Year Plan period. Its aim will be to render the individual more effective in his work in the community and to give him elementary knowledge, qualifications and skill.

The quality and quantity of the elementary education activities will be arranged in such a way as to reduce the differences between village and city schools from the point of view of continuing on to the higher levels of education, and to improve in the elementary schools the special talents and skills of those who do not continue with their education.

20. Education to be given above the elementary school level will be aimed at training the quantity and quality of manpower required by the development effort. Therefore, en equilibrium between general and technical education will be established so as to prevent bottlenecks when passing into higher levels of education and to train individuals to acquire specific skills in case of direct passage from education to various fields of work. The various levels of higher education will be geared to this purpose and the research capacity of the universities and research institutions will be extended to meet the requirements of the economic and social development.

21. In addition to formal education, stress will be laid on adult education to enable persons to make use of their rights and fulfil their duties as citizens Priority will be given to all the extensive education and training programmes which will develop the community's level of education and improve the efficieny in various fields of study, and in industry in particular.

22. Cultural activities are of paramount importance in improving the standard of living of the community, and in developing its creative power. Cultural means will be developed and directed toward the people in such a manner as to provide its benefits for the community.

23. People whose incomes consist merely of their salaries and those who are self employed will be encouraged to secure the rights enjoyed by other groups in the community by organizing within the system foreseen by the contitution and according to the principles of social justice. Such organizations will be encouraged in industry and to a certain extent in the services sector in rural areas.

Within this concept, those who are self-employed will also be able to obtain an equitable income distribution through wage policy in addition to the income

earned by their efforts. To realize this, a minimum wage will be fixed and the implementation of the collective bargaining agreement will be continued. The wage policy will be determined taking into consideration the development of the economy and the increase in productivity.

Extentive education will be oriented toward the objectives of improving working conditions, increasing productivity, and by ensuring the adaptation of people coming from the rural areas into cities, into their new environment and field of work. The working conditions of professionals in the agricultural sector in particular will be organized by means of laws and the working conditions in the sectors of industry and services will be improved .

24. The Social Security System will be developed as a major tool in the redistribution of the national income within the principles of social justice, to provide a steady income to workers and their families in order to permit them to face the future with confidence from the economic and social point of view, and to obtain the participation of the individual in productive activities.

Social assistance services will be considered as complementary factors of the social security system to improve the condition of orphans, the disabled and old people within the limits of financial possibilities.

The entire working population in cities, professional workers in rural areas and small farmers will be included within the scope of sickness, old-age, disability and death insurance, and efforts will be made to add unemployment insurance to the existing social security branches.

25. The spiritual and physical well-being of the community will be secured in the development efforts, the main target of which is to raise the living standards of the community. Therefore, equitable medical care will be provided for the sick, and health services will be made available to everyone.

This objective will be realized by the State, through supplying the services of preventive medicine as well as therapeutic medicine to the people. In the Second Five Year Plan period the most effective tool in this connection will be the socialization programmes, as was the case in the First Five Year Plan Period.

26. The negative effects of the inadequate number of health personnel and their imbalanced distributioon among regions -the cause of the failure of the health services to fulfil their duty to the desired extent- will be obviated.

For the realization of the above mentioned objectives, educational possibilities will be provided for the people to improve health conditions in their communities. To obtain a healthy population, special care and social service programmes will be established for children and old people, and for adjusting various social defects.

27. Priority will be given to economic and social measures to support and provide opportunities for the peasants who are the main source and target of our national welfare and power.

Water, electricity, roads, health and educational services and modern agricultural technical equipment for the villages will be provided rapidly to expand the development potential of the nation and to raise its productive capacity.

In the agricultural sector, the measures to be taken and the policies to be implemented in the Second Five Year Plan period will be based upon such considerations as to diminish the dependency of agricultural production on weather conditions; to meet the food and other basic requirements of the Turkish people which will increase in future years; to increase efficiency by modernizing agricultural production methods; to promote the exports of agricultural products; to become self-sufficient in all products that can be produced locally.

28. Establishment of co-operatives in the agricultural sector is of the utmost importance to enable the small and medium size farmers to use modern production methods. The utilization of modern inputs in agriculture and the marketing of products will be supported by means of co-operatives, and agricultural extension services will be used as an effective tool for this purpose.

The utilization of synthetic fertilizers seems to be the most effective means to increase agricultural production on a vast scale in the Second Five Year Plan period. The use of fertilizers will be concentrated in certain regions for certain products where production and development potentials are high. The role of the agricultural credit policy to be implemented will be of significant importance in reaching the selected objectives. The terms of the credits and their fields of utilization are as important as the increase in the volume of the credits to be given to the farmers. The credits will be granted to farms below a certain size, and only through the intermediation of co-operatives.

The policy to be followed for irrigation will be based more on full utilization of the existing or planned investments than on undertaking new investments. In the implementation of this policy, care will be taken not to over-look the relationship between the various installations and to secure optimum interrelation.

29. The price support policy will be revised and improved in the Second Five Year Plan period in order to increase agricultural production, to reduce price fluctuations, and to enable the farmer to reach a higher level of income. Experiments both in Turkey and in foreign countries show that the high price support policies used for increasing production and income of the farmer have more drawbacks than advantages. Therefore, to modernize agricultural methods, efforts should be directed toward providing farmers with modern inputs at more reasonable prices. The most effective way to increase agricultural production and the income of the farmer is to abandon the traditional methods of farming used in agriculture. Technologic improvement and an increase in efficiency will be secured by using modern inputs. With this concept the price support policy will be used only to improve the quality of certain specific products and to avoid price instability arising from supply fluctuations closely connected to natural conditions.

30. Developments observed in the field of live-stock breeding indicate that in Turkey the potentials of this field have not been fully realized. Better feeding of animals, disease control, cross-breading, promotion of marketing possibilities, reduction in the number of middle-men, and control of exports, will be the most important problems to be solved in this connection during the Second Five Year Plan period.

31. The problem of below capacity utilization is also valid for forestry and forest produts. In addition to the present efforts oriented mainly toward the

prezervation of forests, stress will be laid on reforestation both in and outside forests, and on operational and export orientation problems.

32. In the field of fishery, organizational problems, the establishment of a chain of cold-storage depots, the modernization of fishing methods and financing facilities will be tackled in the Second Five Year Plan period. Priority will be given to the exportation of processed and quick-frozen sea-food and efforts will be made to increase local consumption.

33. The leading role given to the industrial sector in the Second Five Year Plan period necessitates the channelling of a great part of the investments to this sector through a consistent and coherent implementation of various measures and policies. In this period particular importance will be given to the establishment of basic and strategic industries producing capital and intermediate goods. Industries producing luxury consumption goods will not be encouraged. Importance will be given to import substitution in fields that can withstand international competition in the long-run, and to increasing exports in every possible industrial field or branch in order to relieve the pressure on the balance of payments. The exportation, in processed or semi-processed form, of agricultural products which are now exported as raw materials, will be developed. Necessary measures will be taken to bring, in the long-run, the structure of the Turkish industry into a competitive position with the industries of the Common Market, and special support will be given to industrial branches with high labour intensity. Taking into consideration the necessity of producting investment and intermediate goods locally and in sufficient quantity to develop the agricultural sector and increase its efficiency priority will be given in the industrial sector to the fields which can produce these goods.

34. To increase the efficiency of industrial investments and to encourage investments in this sector, infrastructure investments required by industry should be made; inputs should be secured at low prices; formalities in connection with the establishment of industrial installations should be simplified; information should be given to entrepreneurs on various subjects, and suitable lots should be provided for industrial installations at low prices. Moreover, the medium and long-term credit and interest problems, the shortage of which is strongly felt in industry, will be reconsidered with a view to solving these problems in a radical way.

Efforts will be made to secure a balanced distribution of industrial units among regions, avoiding the tendency of concentration in certain regions. New industrial centers will be established in regions where a high potential for economic development exists. The rapid establishment and operation of a capital market will be realized to channel small and scattered savings into productive industrial investment.

A selective tax policy will be used in addition to the policies mentioned above, to orient the industrial investments into fields in which priority has been given by the Development Plan, and which are directed toward exports.

External trade policy will be used as an effective tool for the protection of newly established and developing industries for a reasonable period. However, to prevent high monopoly profits and to insure lower production costs, the implementation of these protective measures for periods longer than necessary will be avoided.

35. Strategic investments requiring large amounts of capital, wide organization and superior technologies will have to be carried out in the Second Five Year

Plan period. In this context, the public sector as direct investor is entrusted with important duties within the principles of the mixed economy system adopted by the Turkish Community. All necessary measures will be taken to avoid any possible delay of public sector investments in basic and strategic fields. Problems concerning project preparation, financing, and efficient operation will be solved rapidly.

36. The operation of small-scale industries in co-operation with big industry and in fields which will give support to big industry will be encouraged. In this connection, credit, location and similar difficulties of small - scale industries will be dealt with. The rapid organization of enterpreneurs working in this field will be secured.

37. To benefit from foreign private capital in industrialization, implementation will be carried out in conformity with the spirit of the legislation and these investments will be directed toward fields most useful to the Turkish economy. Special care will be taken to direct foreign private capital into branches of industry where Turkish entrepreneurs have not been active due to the lack of sufficient technical knowledge, experience or capital. In this way an additional savings and technologic resource will be derived from foreign private capital without impeding development of local industry

38. In the mining sector, underground will be ascertained with dependable accuracy from the standpoint of quality and quantity. The exploration and extraction of underground resources will be accelerated.

The raw material and energy requirements of industry dependent on underground resources will be met in the first instance through local production.

The necessary policies will be carried out in these fields to shift from raw material exports to processed and semi processed exports.

The main objective will be to benefit from the scarce underground-resources in the most efficient way, keeping the long-term requirements in view, and to keep a great part of the value added of underground resources within the country.

39. Energy, communication, and other infrastructure activities will be organized so as to support and induce economic development. The planned rate of growth for the industrial sector in the Second Five Year Plan period can only be achieved through abundant and cheap energy. While measures will be taken to secure the utmost benefit from present energy resources, the possibilities of utilizing energy resources of the future such as nuclear energy will be investigated.

40. Activities in the tourism sector will be taken into consideration from various aspects to organize a modern tourism industry. Priority will be given to the necessary investment and organization studies, and the over-night accomodation capacity will be rapidly increased to attract the tourist flow from Western and Central Europe in the direction of the South and South-East. The private sector will be supported in this connection and the public sector will lead the way as the main investor if necessary.

41. In the housing sector dwellings of suitable quality and quantity will be constructed through long-term programmes, taking into account the level of the standard of living to be reached by the Turkish community in the future. The rapid increase of urban population necessitates that priority should be given to the cities in solving the housing problem.

In the Second Five Year Plan period a large amount of housing construction will be achieved without raising the ratio of the housing sector in total investments. Therefore, investments will be oriented toward utility housing conforming to economic standards and the social conditions of the country. The problem of "shanty-towns" will be solved by the State by supporting the efforts of those who wish to build and improve their own houses, and through technical assistance and material aid.

42. Small savings which cannot be oriented towards productive investment and which go into consumption will be more effectively used in increasing the financial resources allocated for housing. For this purpose, organizations will be established to make the best use of savings in the housing sector, and public and private sector relations will be organized accordingly. The State will take its place in the housing market as a regulator and supporter of those building their own house.

Housing construction will be organized through the introduction of encouraging and limiting measures conforming to the requirements and wishes of the different income brackets and according to the quality and supply specifications of the dwellings.

43. In order to reduce the cost increasing effect of lots on housing and to preclude speculation, the number of lots belonging to the public sector will be increased. These lots will be leased to the public through a central agency, and in such a way as to support the construction of utility housing.

44. The realization of development depends largely on making the necessary investments. The channeling of savings from the increases in national income into investment is the main principle governing the savings policy to be followed during the Second Five Year Plan period. The essential is to maintain economic and social equilibrium in raising the total savings to the desired level according to the selected rate of growth. This principle imposes on the one hand the prevention of the use of inflation os a tool for savings and, on the other, necessitates the realization of real savings in conformity with the principles of social justice.

45. To encourage the voluntary savings of the people, necessary measures will be taken and the structure of financial establishments will be improved. The useful activities of social security agencies to increase savings will be expanded.

46. The most important method to increase public saving is taxation. In taxation, besides new resources, stress will be laid on deriving the highest efficiency from the existing taxation system. Moreover, income distribution will be improved. and persons and sectors with tax paying ability will not be permitted to avoid taxation.

Efforts will be made to avoid tax losses in accordance with the principles of the tax policy.

47. With the objective of attaining a higher rate of savings in public revenue, efforts will be made to limit the increase in public current expenditure.

By increasing the own resources of the State Economic Enterprises, the pressure of these establishments on other public savings, will be alleviated.

Efforts will be made to increase public savings, and the contribution of persons benefiting from certain public services to expenses, in proportion to their paying-power, will be secured.

48. The objective of the balance of payments policy is to forecast the bottlenecks likely to arise due to the scarcity of foreign exchange in Turkeys' growing economy and thus reduce their effects, and to eliminate them within a certain time. Therefore, foreign exchange resources will be increased, and a national utilization of these resources will be achieved.

49. In order to increase export revenue, efforts in connection with the standardization, marketing, credits etc., will be continued. Moreover, in the Second Five Year Plan period, stress will be laid on export projects covering the production, organization and marketing stages in fields where external demand is high and steady. These projects will be considered in general, from the point of view of their effects on exports, and to attain a higher level of exports the problems to be solved during the various stages will be taken into account together, in order to arrive at a solution in a shorter period of time.

50. The policy to be implemented in the field of imports will be oriented toward the utilization of exchange resources in a more efficient way.

Taking into account the problems likely to arise from relations with the Common Market during the Second Five Year Plan period, a consistent policy will be followed in the implementation of a restrictive and protective import practice, in order to create conditions and rules conducive to the export of industrial products.

Import restrictions and the tariff regime will be kept within reasonable limits, competitive mechanisms will be used as a tool to secure the improvement of prices and quality.

In the import regime, import formalities will be accelerated, distribution methods will be improved and priorities will be determined.

51. The full participation of the community in the development efforts is imperative for the realization of an over-all development. With this purpose, in mind, a desire to contribute to the development efforts will be encouraged in the small community units, and public support will be provided for local efforts. Work programmes will be arranged to encourage the voluntary contribution of small community units to the development efforts.

These programmes will arise from within the community units, will be of wide scope and vill be carried out, under the leadership of governors and district-governors, by organizations which presently carry out public services in the field of community development.

Education will be the basic tool to attain the above mentioned objectives. Changes conforming to community development methods will be secured in the public organizations which are in close touch with the small community units. The stimulation, education and organization of the community under the leadership of these public services will be achieved through education.

Care will be taken to render the existing public sevices more efficient and priorities will be granted according to the investment requirements and the local efforts to be stimulated. In all these efforts the objective will be to carry out these services in close co-operation with the people. Opportunities will be provided to attract the interest of small community units; village unions and co-operatives will be supported

Reorganization studies will be revewed in the Second Five Year Plan period to reconsider the drawbacks of the past years.

52. The central administration of the ministries will aim at a functional reorganization to avoid excessive growth of the administrative units. The necessary legislation will be enacted to secure the most suitable distribution of duties and authority among the administrative levels.

Establishment of new regional authorities will be avoided unless actual requirements are determined on an objective and scientific basis.

Creation of public establishments with different legal status will be avoided in order to increase the efficiency of financial and administrative control, to prevent loss of resources, and to facilitate the implementation of a suitable employment policy.

53. Local administrative units will be provided with a financial structure and organization system compatible with the present requirements, in order to facilitate the contribution of local administrations to the economic and social development efforts and to stimulate the interest and responsibilities of the local establishments in the performance of public services. Moreover, instead of an administrative supervision which restricts and impedes local enterprises, an orienting supervision conforming to national objectives will be adopted as a principle by the central administration.

54. The studies in connection with the reorganization of the State Economic Enterprises will be concluded in time, in accordance with Law 440, by the committee charged with this duty. Each establishment will take the necessary reorganization measures in connection with organizational and operational matters within their internal structure.

55. Agricultural reform will be regarded as a chain of measures aimed at eliminating the handicaps inherent in the agricultural structure.

The attainment of the desired results through measures taken in connection with agricultural reform and the adoption and support of these efforts by the farmers, depend above all on the accurate and definite legal solution of land ownership. In order to secure this, care will be taken to carry out the cadastre and register work more quickly during the Second Five Year Plan period.

Legislation will be put into effect permitting the transfer, at suitable prices to farmers owning no or very little land, of the land under the control, possession or ownership of the State; the land obtained from the improvement of poor quality cultivation land within the limits of forests or pastures, or from the drying up of swamps; and the land over a certain acreage, not regularly cultivated by their owners to be bought or expropriated by the State.

Taking into consideration the financial inability of the small family operations to procure machinery, equipment and credits, co-operatives will be used as an effective tool to meet these requirements and to secure the marketing of the products. The production increase in agriculture will necessitate the application of new advanced techniques, therefore, farmers will be provided with credits on suitable terms with regard to maturity and interest rates.

Establishment of a leasing system to secure the rental of land with long term leases, to regulate the rent and to enable the tenant to acquire ownership of cultivated land in the course of time, will be taken into consideration.